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ALCOA EXPANDING ALUMINUM LITHIUM CAPABILITIES TO MEET GROWING AEROSPACE DEMAND FOR ITS INDUSTRY-LEADING ALLOYS

Includes Expansions in Pennsylvania, United Kingdom and A New State-of-the-Art Facility in Lafayette, Indiana.

New York, NY – January 25, 2012 – Alcoa today announced it is expanding its aluminum lithium capacity and capabilities at three locations around the world to meet growing demand in the aerospace market for its newest alloys. The alloys, introduced last year and now patented, allow airframers to build dramatically lighter and lower-cost airplanes vs. composite alternatives.

The new alloys provide the best strength-to-weight performance in Alcoa's aerospace alloy portfolio combined with better stiffness and corrosion resistance. The alloys are used in extrusions, forgings, sheet and plate applications across aircraft structures, including airplane wings and fuselage elements. The expansions follow discussions with airframers subsequent to the launch of the alloys last year.

"The demand we are seeing for aluminum lithium is an excellent example of the Alcoa Technical Advantage in action and is the result of our continued leadership in aerospace alloy development across our Alcoa aerospace businesses," said Eric Roegner, President of Alcoa Forged and Extruded Products. "When completed, our aluminum lithium supply chain will be the premier operation in the world, capable of making the widest breadth of products in the most efficient manner – there will be nothing like it anywhere."

The largest of the aluminum lithium capacity expansions is a greenfield state-of-the-art facility to be constructed adjacent to Alcoa's Lafayette, Indiana plant. When completed the facility will produce more than 20,000 metric tons of aluminum lithium and be capable of casting round and rectangular ingot for rolled, extruded and forged applications. Alcoa plans to invest more than $90 million in this facility alone which will encompass approximately 115,000 square feet and create approximately 75 permanent high-value jobs, as well as approximately 150 additional jobs during the course of construction. Initial work on the new Lafayette facility has already begun and is expected to produce its first aluminum lithium by the end of 2014.

"In addition to producing a wide range of billet sizes up to 33-inches in diameter, we will also be able to produce slab capable of producing wing skin plate and fuselage sheet for any current or planned commercial air program," said Roegner. "Our process, thermal and filtration systems all will be state-of-the-art."

An economic development incentive package from the Indiana Economic Development Corporation (IEDC) and Greater Lafayette Commerce helped secure the selection of Lafayette for the expansion. The incentive package includes tax and financing credits as well as training grants for the Lafayette workforce and new employees. In addition, Alcoa and the United Steelworkers worked together to modify existing work rules to ensure the operational effectiveness of the new facility.

"Alcoa's expansion strengthens Indiana's reputation of manufacturing excellence," said Governor Mitch Daniels. "We are grateful that this global manufacturing leader continues to find the Hoosier State the most advantageous state for growth."

Alcoa is also expanding production at two other locations as a result of customer demand:

- Alcoa's Technology Center in Alcoa Center, PA near Upper Burrell, PA where aluminum lithium capacity is being expanded 30 percent; and
- Alcoa's Kitts Green plant in the United Kingdom where upgrades are underway that will create additional casting capacity.

In June of last year, Alcoa launched a series of new technologies that allow airframers to build dramatically lighter and lower-cost short-range airplanes at significantly lower production risk than composite-intensive planes. The new technologies:

- lower the weight of the plane by up to 10% vs. composite-intensive planes;

- lower the cost to manufacture, operate and repair planes by up to 30% vs. composite-intensive planes, and at significantly lower production risk;

- allow for a 12% increase in fuel efficiency, on top of the 15% from new engines; and

- deliver passenger comfort features equivalent to composite-intensive planes, such as higher cabin pressure, large windows and higher humidity.

"We have received great feedback from the market on our new solutions," said Mark Vrablec, President of Alcoa Aerospace, Transportation and Industrial Products. "The tide has certainly changed in the world of aerospace structural materials and that is a result of our technologists continuing their work to keep Alcoa at the forefront – more than 90 percent of all the alloys used in the aerospace market today were developed by Alcoa," added Vrablec.

About Alcoa Aerospace

Alcoa Aerospace is comprised of 4 businesses with operations across the world totaling approximately $3 billion in revenues and #1 share positions in their markets: Alcoa Global Rolled Products and Alcoa Forgings and Extrusions serving the structures market; and Alcoa Fastening Systems and Alcoa Power and Propulsion. Alcoa's aerospace solutions run from nose to tail and from wing-tip to wing-tip. Alcoa has been at the forefront of every major milestone in aerospace history based on its commitment to continually innovate and a "beyond materials" philosophy – where materials, structures, and designs work in concert to provide optimal solutions for customers.

About Alcoa

Alcoa is the world's leading producer of primary and fabricated aluminum, as well as the world's largest miner of bauxite and refiner of alumina. In addition to inventing the modern-day aluminum industry, Alcoa innovation has been behind major milestones in the aerospace, automotive, packaging, building and construction, commercial transportation, consumer electronics and industrial markets over the past 120 years. Among the solutions Alcoa markets are flat-rolled products, hard alloy extrusions, and forgings, as well as Alcoa® wheels, fastening systems, precision and investment castings, and building systems in addition to its expertise in other light metals such as titanium and nickel-based super alloys. Sustainability is an integral part of Alcoa's operating practices and the product design and engineering it provides to customers. Alcoa has been a member of the Dow Jones Sustainability Index for 10 consecutive years and

approximately 75 percent of all of the aluminum ever produced since 1888 is still in active use today. Alcoa employs approximately 61,000 people in 31 countries across the world. More information can be found at www.alcoa.com.